

# KLDC

## KINGSTON LOCAL DEVELOPMENT CORPORATION

James M. Sottile, President

Michael F. Murphy  
Portfolio Manager

October 18, 2010

John H. Dwyer,  
Vice President

Daniel P. Mills  
Treasurer

Bradley Jordan,  
Secretary

Rev. James Childs

Glenn Fitzgerald

Raymond C. Guerin

Richard B. Mathews

John Murphy

Van Potter

Thomas J. Reinhardt

### MEMORANDUM

BOARD OF DIRECTORS - KINGSTON LOCAL DEVELOPMENT CORPORATION  
JAMES NOBLE, CITY OF KINGSTON ALDERMAN AT LARGE  
ARLENE RION, CITY CLERK  
MICHAEL F. MURPHY, COMMUNITY DEVELOPMENT DIRECTOR/PORTFOLIO MANAGER  
AMANDA L. BRUCK-LITTLE, RECORDING SECRETARY KLDC  
STEPHEN M. FINKLE, ECONOMIC DEVELOPMENT DIRECTOR  
SUZANNE CAHILL, CITY PLANNER  
BRENNAN ROBINSON, ZONE COORDINATOR EZ  
MICHAEL F. JORDAN, ESQ., COUNSEL KLDC  
DANIEL MARSH III, NATIONAL DEVELOPMENT COUNCIL DIRECTOR  
DAILY FREEMAN, 79 HURLEY AVENUE, KINGSTON, NY 12401  
WKNY, PO BOX 1398, KINGSTON, NY 12402  
WGHQ, 82 JOHN STREET, KINGSTON, NY 12401  
BRIAN JONES, WPHD/WCZX/WEOK/WRRV, PO BOX 416, POUGHKEEPSIE, NY 12602  
POSTMASTER, KINGSTON PO BOX 9998, KINGSTON, NY 12402-9998

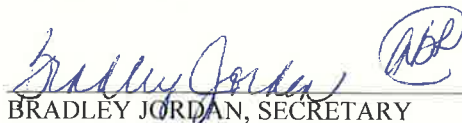
**FROM:** JAMES M. SOTTILE, MAYOR/PRESIDENT OF KLDC BOARD OF DIRECTORS

**RE:** KINGSTON LOCAL DEVELOPMENT CORPORATION BOARD MEETING

Please be advised that a meeting of the Kingston Local Development Corporation will be held at **8:00 a.m., Thursday, October 28, 2010**. Said meeting will be held in the Mayor's Conference Room, City Hall, 420 Broadway, Kingston, NY 12401.

### AFFIDAVIT OF MEETING:

I, Bradley Jordan, Secretary for the Board of Directors of the Kingston Local Development Corporation, did on the **8<sup>th</sup> day of October, 2010** mail this notice to the individuals listed above. Mailing was accomplished by sealing said notice in an envelope and depositing same, with postage thereon, full pre-paid, with the United States Post Office.

  
BRADLEY JORDAN, SECRETARY

# KINGSTON LOCAL DEVELOPMENT CORPORATION

James M. Sottile, President

Michael F. Murphy  
Portfolio Manager

## KINGSTON LOCAL DEVELOPMENT CORPORATION

### AGENDA

*John H. Dwyer,  
Vice President*

*Daniel P. Mills  
Treasurer*

*Bradley Jordan,  
Secretary*

*Rev. James Childs*

*Glenn Fitzgerald*

*Raymond C. Guerin*

*Richard B. Mathews*

*John Murphy*

*Nan Potter*

*Thomas J. Reinhardt*

**Thursday, October 28, 2010 @ 8:00 a.m.**

- 1. Call to Order**
- 2. Approval of Minutes of Previous Meeting from 5/6/2010**
- 3. Seven21 Media Center – Loan Re-structure**
- 4. Rosita's Update**
- 5. Valerie's Update**
- 6. Financials**
- 7. Adjournment**

If you are **unable** to attend please notify Michael Murphy (334-3924) or Amanda Bruck-Little (334-3930). If we do not have a quorum we are unable to vote on any matters at hand.

# KLDC

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James M. Sottile, President

Michael F. Murphy  
Portfolio Manager

### KINGSTON LOCAL DEVELOPMENT CORPORATION

October 28, 2010

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*Vice President*

*Daniel P. Mills*  
*Treasurer*

*Bradley Jordan,*  
*Secretary*

*Rev. James Childs*

*Glenn Fitzgerald*

*Raymond C. Guerin*

*Richard B. Mathews*

*John Murphy*

*Jan Potter*

*Thomas J. Reinhardt*

#### **PRESENT:**

BOARD MEMBERS - President Sottile, Vice President Dwyer, Secretary Jordan, Rev. Childs, Fitzgerald, Mathews, Murphy, Potter, Reinhardt & Guerin  
COMMUNITY DEVELOPMENT DIRECTOR / PORTFOLIO MANAGER – M. Murphy  
CITY PLANNER - Cahill  
RECORDING SECRETARY - Bruck-Little  
BOARD ATTORNEY - M. Jordan  
ECONOMIC DEVELOPMENT DIRECTOR - Finkle  
AUDITOR – M. Kimball (Kimball & O'Brien, PC)

#### **ABSENT:**

BOARD MEMBERS – Treasurer Mills  
EZ COORDINATOR - Robinson

Meeting was called to order by President Sottile at 8:07 am.

A motion to accept the minutes of the previous meeting from May 6, 2010 was made by Mr. Fitzgerald and second by Mr. Mathews. Passed unanimously.

Mr. Murphy discussed with the Board the need to have quarterly Board Meetings. He explained that in previous years meetings were only held when there was business at hand. He feels quarterly meetings are necessary to keep the Board up to date on all outstanding loans and should action need to be taken it can be done in a timely manner. Mr. Murphy suggested that each quarterly meeting be held during the first week of March, June, September and December of each year as well as any additional meetings necessary to make decisions on new business. A motion was made by Secretary Jordan to hold quarterly meetings during the first week of March, June, September and December as well as any other meetings during the year to make decisions on new business. Second by Mr. Mathews. Passed unanimously.

**Seven21 Media Center** – Mr. Murphy told the Board that he and Messrs. Hack and Shaughnessy of Ulster Savings Bank have had meetings with the Ellenbogen's to discuss the past due status of their loans and taxes and the possibility of refinancing. Mr. Murphy handed out a proposal for the Board to review showing the status of their current loan with KLDC and outstanding taxes. After reviewing said documentation and a discussion on the position of the KLDC a motion was made by Mr. Mathews to have Mr. Murphy enter into an inter-creditor agreement with Ulster Savings Bank to restructure the loans for Seven21 Media Center. Second by Ms. Potter. Passed unanimously.

The Board had a brief discussion regarding their own liability as Board members. Mr. Guerin stated that the best time to increase the Liability Insurance is at the time of renewal in April 2011. This will be discussed at the March 2011 meeting at which time they will have a more in depth look at their options.

**Rosita's** – Mr. Murphy has been in touch with Mr. Shaughnessy of Ulster Savings Bank and was told the bank put a hold on the foreclosure proceedings as Mr. Melkestian has been approached by a potential buyer, Hudson River Sloop Clearwater, Inc. The organization has put an offer on the table of \$1.2 million for the property but Mr. Melkestian is asking for \$2.5 million. Ulster Savings Bank has given Mr. Melkestian 30 days from October 15, 2010 to come up with an agreement with the potential buyer. If an agreement is not reached, the bank will move forward with their foreclosure proceedings.

**Valerie's** - In April 2010, Rondout Savings Bank began Foreclosure Proceedings on Valerie's Restaurant for an unpaid loan of \$180,000 and \$26,533 in interest and attorney fees for a total of \$216,533. She is also delinquent with her loan through the KLDC for \$55,721.52 plus interest of \$8,192.31 for a total of \$63,913.83 and on City of Kingston Taxes in the amount of \$23,415.05. Ms. Mayone came in to speak with Mr. Murphy regarding her past due loan on Valerie's Restaurant on October 21, 2010. She told Mr. Murphy she had a buyer for her restaurant for \$240,000. An initial request was for the KLDC to release their loan on Valerie's Restaurant and move it over to the loan she currently has for the Kozy Tavern. She had stated she needed to pay NYS Sales Tax Liens and the Realtor, Victoria Hoyt had to have her commission of 10% of the purchase price paid in order for the sale to go through.

Mr. Murphy made a recommendation to the Board regarding her KLDC loan to accept whatever was left over after the Rondout Bank payoff and apply the difference to the Kozy Tavern loan. Since the Tavern has four (4) rental apartments, all of which are occupied there is additional income aside from revenue taken in by the business. KLDC has already has a second mortgage on the Kozy and could roll the remaining outstanding balance of approximately \$43,900 from Valerie's over to the Kozy. Ms. Mayone would need to sign a note and mortgage on deficiency.

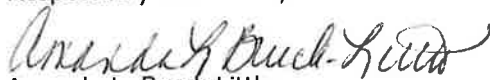
The Board discussed the request and recommendation. A motion was made by Mr. Fitzgerald to have Mr. Murphy accept the remaining monies from the Rondout payoff and apply it to the Valerie's loan and roll over the remaining debt to the Kozy loan. Request Rondout Bank to split a \$7,000 commission to be paid to Ms. Hoyt of \$3,500 each. Motion was second by Mr. Dwyer. Secretary Jordan, Mr. Reinhardt and Mr. J. Murphy abstained. Motion carried with remaining members in favor.

At 8:38 am Mary Kimball of Kimball & O'Brien, PC came in to speak to the Board regarding the allowance for bad debts. She explained that some of the loans are too far behind but are not set aside in a reserve (allowance for bad debts). Ms. Kimball said this is a requirement according to Federal Standards. In addition, we discussed the mission of the corporation which is economic development and lender of last resort. However, even as lender of last resort, we have to run the corporation like a business and make best efforts in collection of these loans.

**Armor Dynamics** – Messrs. Warren and Gagnon met with President Sottile, Mr. Murphy and Mr. Finkle to discuss their delinquent loan. They requested to have \$40,000 (due from December 2009 – July 2010) to be brought forward and spread out over the next two (2) years. They said they would bring the request before the Board. The Board has decided to table this request until the next meeting when Dan Marsh will be available to answer questions and concerns.

At 9:12 am a motion was made by Mr. Mathews to adjourn. Second by Mr. Reinhardt. Passed unanimously.

Respectively Submitted,



Amanda L. Bruck-Little  
Recording Secretary